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GOVERNMENT OF INDIA

MINISTRY OF COMMERCE

RESOLUTION

TARIFFS

New Delhi, the 22nd February 1950

No. 8(4)T/B/49.—The Government of India, in the Ministry of Commerce, Resolution No. 1-T/A(18)/49, dated May 23, 1949, remitted to the Tariff Board an enquiry into the claim of the soda ash industry for protection. The Board have now submitted their Report embodying in the main the following recommendations:—

- (i) Protection should be granted to the soda ash industry for a period of three years, ending March 31, 1953.
- (ii) The present revenue duty on imports of soda ash under item No. 28(4) of the First Schedule to the Indian Customs Tariff at 18 per cent. *ad valorem*, preferential, on supplies from a British Colony, and 30 per cent *ad valorem*, standard, should be converted respectively into a protective duty of 30 per cent. *ad valorem* preferential on imports from a British Colony and a standard rate to be calculated according to the Indo-British Agreement of 1939.
- (iii) A subsidy of Rs. 1-8-0 per cwt. should be granted on the sales of soda ash produced by the Dharangadhra Chemical Works Ltd., Dharangadhra State (Saurashtra) and the Tata's Chemical Works Ltd., Mithapur (Baroda State) after they have re-started operation—the subsidy also to remain in force for a period of three years, ending March 31, 1953.
- (iv) Imports of soda ash should be banned up to December 1950, except that it might be found necessary to issue licences for imports amounting to some 25,000 tons in the latter half of that year in the light of the conditions then prevailing as regards domestic production and demand.
- (v) Government should devise measures to pool both indigenous and imported soda ash for distribution to consumers.
- (vi) Government should fix the ceiling and floor prices for soda ash.
- (vii) The existing concession of rebate of duty on imported soda ash used by the glass industry should be withdrawn from the date on which the protective duty comes into force.

- (viii) The question of the continuance of the scheme of protective duty-cum-subsidy should be reviewed towards the end of 1950 in the light of changes that might take place in regard to production, demands and imports.
- (ix) The suggestion made by the Tata Chemicals—
 - (a) for the construction of a direct railway line from Rauvav to Mithapur along the western coast,
 - (b) for the linking of Mithapur by road with Jamnagar and Porbunder,
 - (c) for the making of a road between Mithapur and Port Okha,
 - (d) for the construction of an additional berth at Okha Port, should be considered favourably by the appropriate authorities.
- (x) Government and industrialists should give early consideration to the establishment of new factories manufacturing soda ash in other parts of India, in particular in the Central Provinces and South India, in connection with the recommendations of the Panel on the Heavy Chemicals and Electro-Chemical Industries (1944).
- (xi) The indigenous industry which at present exclusively manufactures light ash should also attempt to manufacture the heavy variety, while the industries engaged in the manufacture of glass and silicates which at present use only the heavy type should also undertake the use of light ash.
- (xii) The soda ash industry should take early steps to prescribe a specification for its product in consultation with the Indian Standards Institution.
- (xiii) Indigenous manufactures should balance the different sections of the soda ash plant and also attempt a reduction in the quantities of ingredients used for every ton of soda ash manufactured.
- (xiv) The manufacturers of soda ash should make specific proposals to the Railway Board on the subject of railway freights and booking facilities.

2. Government accept recommendations (i), (ii) and (iii) subject to the following modifications:—

- (a) In view of the fall in the landed cost of imported soda ash which has occurred since the Tariff Board submitted its Report, the duty on soda ash should be increased to 40 per cent. *ad valorem*, if the manufacture of a British Colony, and 50 per cent., if the manufacture of any other country. A Notification under the Protective Duties Act, 1946, is being issued to impose these duties.
- (b) Government accept the principle of a subsidy. Taking into account the different rate of duty now proposed and other factors, they consider that the subsidy should be of the amount of Re. 1 per cwt. This will be granted on soda ash produced by the Companies mentioned and sold from the date of this Resolution, provided Government are satisfied that the Companies actually sell the soda ash at the fair selling price recommended by the Tariff Board.

3. Government also accept recommendations (vii), (viii) (x., (xii), (xiii) and (xiv) and steps will be taken to implement them. The attention of the Industry is invited to these recommendations.

4. As regards recommendation (iv), Government consider that having regard to the actual position of stocks and the demands of industries, imports should be allowed whenever necessary to the extent that demand cannot be met by local supplies.

5. Recommendation (ix) will be borne in mind in any future scheme of development.

6. As regards recommendations (v) and (vi), Government feel these need not be considered in present circumstances.

ORDER

ORDERED that a copy of this Resolution be communicated to all concerned, and it be published in the *Gazette of India*.

NOTIFICATION

TARIFFS

New Delhi, the 22nd February 1950

No. 8(4)T/B/49.—In exercise of the powers conferred by sub-section (i) of section 2 of the Protective Duties Act, 1946 (XVII of 1946), the Central Government is pleased to impose on soda ash a duty of 22 per cent. *ad valorem*, if the manufacture of a British Colony and a duty of 20 per cent. if the manufacture of any other country, in addition to the duty leviable thereon under item 28(4) of the First Schedule to the Indian Tariff Act, 1934.

C. C. DESAI, Secy.

